

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7487

BILL NUMBER: HB 1971

NOTE PREPARED: Jan 12, 2003

BILL AMENDED:

SUBJECT: IURC Regulation of Gasoline Prices.

FIRST AUTHOR: Rep. Alderman

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill requires the Indiana Utility Regulatory Commission (IURC) to determine a monthly maximum allowable price for gasoline sold in Indiana.

Effective Date: July 1, 2003.

Explanation of State Expenditures: *IURC:* This bill will require the IURC to establish and regulate a monthly maximum price for gasoline sold in the state. The Commission estimates that expanding its regulatory function to include setting a maximum amount gasoline retailers may charge for gasoline will require the Commission to hire two additional entry-level utility analysts. The total yearly cost is estimated to be approximately \$89,000. Any additional costs incurred by the Commission as a result of this proposal are expected to be absorbed using existing staff and resources.

Background on IURC and Office of the Utility Consumer Counselor (OUCC) Funding: The operating budgets of the IURC and OUCC are funded by regulated utilities operating in Indiana. The IURC determines the rate at which to bill the utilities based on the two agencies' budgets, less reversions, divided by the total amount of gross intra-state operating revenue received by the regulated utilities for the previous fiscal year. Based on this formula, utilities are currently billed approximately 0.10% of their gross intra-state operating revenues to fund the IURC and OUCC. In FY 2002, fees from the utilities and fines generated approximately \$9.5 M.

Explanation of State Revenues: *Secondary Impacts:* If the monthly maximum allowable prices determined by the Commission differ from the prices that would have been charged absent this proposal, state Sales Tax revenue would be affected.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Utility Regulatory Commission.

Local Agencies Affected:

Information Sources: Beth Herriman, Executive Director, IURC, (317) 232-2700.

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